



# Financial Management Update

Assistant Secretary of the Air Force (Financial Management & Comptroller)  
January 1998

1. FY 98 Contingency Operations. The Air Force continues to support peacekeeping and peace enforcing operations in Southwest Asia and Bosnia in FY 1998. Current Air Force contingency O&M requirements are \$825.3M (\$614.9M for Southwest Asia and \$210.4M for Bosnia). O&M contingency funding of \$692.4M was transferred to an OSD Overseas Contingency Operations Transfer Account, which was established last year in an effort to evenly distribute the level of funding in relation to each service's contingency requirement. This leaves a possible shortfall of \$132.9M based on current contingency requirements. It is imperative you continue to scrub your total requirements throughout the year.

We are awaiting the distribution of O&M funding from the Overseas Contingency Operations Transfer Account. Until receipt of funding, commands will need to continue cash-flowing contingency requirements. As in the past, we will distribute funds to reimburse you for obligations incurred as funding is released from OSD. All commands should continue to track their contingency expenses (incremental costs) and estimates associated with Southwest Asia (Northern Watch, Enhanced Southern Watch, and Air Expeditionary Forces) and Bosnia (Deliberate Guard and Joint Guard) closely to help respond to continual inquiries we receive regarding contingency requirements. (Maj Ottis Hutchinson, SAF/FMBOI, DSN 224-7511)

2. Budget Execution Reports (BER). The first O&M Budget Execution Reports are due on 14 March 1998. The specific instructions were mailed out and are available on the FM Home Page. We will use the BER to validate distribution of command withholds and to assess the overall health of the FY 1998 O&M program. This assessment will be briefed through the corporate structure with appropriate recommendations for mid-course corrections where needed. Your inputs will be used to evaluate and size an Air Force input to a possible DoD Omnibus Reprogramming. Therefore, we need to ensure the justification and impacts are solid to support the need for any additional O&M funding. As you are aware, FY 1998 is proving to be another very tight year. With the remaining highest priority bills and contingency shortfalls, the Air Force working capital fund current year rate increase, and the CSAF direction to fly the flying hours in the President's Budget, currently, O&M risk is over \$400M. Our cash sources remain limited and any additional funds will have to be worked through an Omnibus reprogramming. (Maj Vernon Simmons, SAF/FMBOI, DSN 224-7510)

3. Obligation Adjustment Reporting System (OARS). The first quarter Air Force-wide implementation of OARS has been successful. During the first 84 days of operation, 909 upward obligation adjustments totaling almost \$69.7M were approved. The organizational level approved 814 of the 909, the MAJCOM 72 and headquarters 23. We are averaging over 135 users daily. The next software release is expected shortly. After the new release is loaded, each user will be required to change their password at first login. Thereafter, passwords will expire after 90 days and cannot be reused. We greatly appreciate everyone's support of OARS and look forward to working with you as more enhancements are developed. (Ms Sandra Williams, SAF/FMBMM, DSN 225-4938)

4. Review of Financial Management Policy. SAF/FM has invited SAF/AQ, AF/IL, and HQ AFMC to participate in an Integrated Process Team (IPT) to review financial management policy and recommend changes that will facilitate more efficient program management and execution. Nominees to represent these organizations have been submitted, and preliminary areas of review are being developed. Any command or organization that wants to suggest areas or issues that would benefit from consideration should forward them to SAF/FMB, Attention: Mr Bob Stuart. The focus of the IPT will be on identifying and rapidly formulating policy proposals and implementation strategies. In those areas where change is not recommended, the IPT will ensure current policy is clear, widely known,

and understood. By working together, the financial management, acquisition, and logistics communities expect to combine their experiences and expertise to develop clear policies that can be implemented at all levels of the Air Force involved in program management and execution. (Ms Marti Maust, SAF/FMBMM, DSN 225-4938)

5. Update To AFI 65-601, Vol 1, Budget Guidance And Procedures. SAF/FMBMM has begun the process to update the Air Force budget policy guidance. This will incorporate changes identified by the Financial Management Policy Integrated Process Team in addition to changes required due to congressional direction, changes to OSD policy, and clarification of areas identified when the AFI was created and AFR 172-1, Vol 1, canceled. All MAJCOMs were asked to submit proposed changes by 23 January 1998. Copies of the current AFI are available on the AF Electronic Publications Library, or [www http://afpubs.hq.af.mil/](http://afpubs.hq.af.mil/). If you have any input that has not yet been submitted, please contact SAF/FMBMM. (Mr Floyd Broussard or Ms Zabrina Ames, SAF/FMBMM, DSN 225-4595)

6. Quarterly Depot Maintenance Surcharges. PBD 437 directed the services to immediately implement quarterly surcharges on depot maintenance activities to recoup operating losses during the current fiscal year, rather than in subsequent budget years, as had been previous policy. This change is applicable only to depot maintenance activities, as it is intended to incentivize depot managers to more closely monitor and rectify cost increases within depot maintenance. The Services are meeting with OSD and DFAS to formulate implementing procedures. We expect guidance to be issued to both businesses and customers in early February. (Maj Jim Martin, SAF/FMBMR, DSN 224-3803)

7. Base Realignment and Closure Account Revenues. Did you receive rents, leases, and revenues from a base that just closed down and don't know which account to credit this income to? DFAS-DE, in conjunction with SAF/FMBIC, has the answer for you. This is Base Realignment and Closure (BRAC) money and should be credited to the central BRAC account for processing and placement back to the field. To expedite availability of the funds, ensure all remittances for BRAC sales or lease proceeds are sent to the 11th Wing/FMAO, 1815 North Fort Meyer Drive, Suite 705, Arlington VA 22209. If you have questions, call SAF/FMBIC. (Lt Col Ron Herpst, SAF/FMBIC, DSN 227-1724)

8. Status of the Air Force Military Family Housing Privatization Program. Privatization will be used as a tool to facilitate meeting the FY 1999-2003 Defense Planning Guidance requirement to revitalize military family housing. The Air Force used the initial nucleus of the Air Force's Facility Outsourcing & Privatization organization and a Housing Privatization Integrated Process Team to develop the policies and procedures manual for the privatization process promulgated in April 1997. The Air Force selected four sites to test the housing finance initiatives: Lackland AFB TX; Robins AFB GA; Elmendorf AFB AK; and Keesler AFB MS. Nine additional projects were identified for evaluation and an unsolicited proposal was received. Based on joint Housing Revitalization Support Office and Air Force site visits and follow-on business plan development, a decision whether to privatize at each of the sites will be made. Lackland and Robins AFBs justification projects are underway in FY 1998. Privatization decisions are pending for Dyess, Elmendorf, Kirtland, Mt Home and Peterson AFBs. Also considered, but deferred beyond FY 1999, were Columbus, Keesler and Tinker AFBs. In addition, preliminary analysis showed Anderson, Tyndall, Hurlburt, Dover and Hickam AFBs are favorable privatization candidates, while Fairchild, Wright-Patterson, Eielson and Patrick AFBs are potential candidates. Each project must be evaluated to identify budget impacts and provide a basis for project approval. Such analysis will also facilitate determinations which need to be made regarding where and how privatization options support the Air Force's Housing Master Plan (expected to be completed by the end of FY 1998). (Mr Don Peskie, SAF/FMBIC, DSN 227-1724)

9. New DPEM Budget Line Items. The Congress required new budget line items to gain increased visibility into the Depot Maintenance (DPEM) activities of the services. To meet this request, we will create four new DPEM subactivity groups (SAGs) under activity groups 11, 21, 32, and 41 in our O&M budget justification books. At this time, all other DPEM financial coding will remain the same (e.g., BA, PE, AFEE). Execution data will remain the same with the exception of our 1002 report to Congress. This report will also extract DPEM funding information and report it under the four new SAGs. (Lt Col Goossens, SAF/FMBOI, DSN 224-4096)

10. Financial Management Reform. Financial management reform is in full swing. To comply with the Chief Financial Officers (CFO) Act, we are in the midst of publishing the FY 1997 Annual Financial Statements for the Air Force. In an effort to further personalize these statements and make them more useful to the field, we have included direct inputs from the MAJCOMs. The input from AFMC for the Working Capital Funds annual statements was extensive. All other commands added their personal touch to the mission description section.

We have published a tri-fold pamphlet on the Federal Generally Accepted Accounting Principles (FEDGAAP). It will be distributed to the MAJCOMs for MAJCOM staff and base-level distribution. Its design is short and to the point and intended to be a handy reference tool. Its purpose is to inform FM personnel, as well as other concerned functionals, what FEDGAAP is and how it affects them. FEDGAAP has far reaching implications in the financial management reform arena and few people outside the beltway have even heard of it. It will affect everyone associated with resource management.

We are also in the process of publishing a pamphlet on "Financial Management Reform." The purpose of this pamphlet is to inform the field of the numerous initiatives underway to improve the way we do business. Although not as short as the FEDGAAP tri-fold, it is designed to briefly introduce the reader to financial management reform, without drowning him/her in too much detail. Financial management reform is the result of various laws, but more importantly, it is in response to the needs of commanders and managers at all levels for significantly improved financial information. (Lt Col Mike Brown, SAF/FMPS, DSN 227-6465)

11. Federal Managers' Financial Integrity Act. On 8 December 1997, the acting Secretary signed the Annual Statement of Assurance required by the Federal Managers' Financial Integrity Act. The statement, supported by letters of assurance from MAJCOMs, DRUs, and Secretariat and Air Staff offices reflects creditably on Air Force performance in FY 1997. We reported eight new material weaknesses, one of which was corrected during the year, and seven to be corrected by FY 1999. In addition, we closed four previously reported weaknesses. Two of the three Air Force operating accounting systems were reported to be substantially in compliance with Comptroller General accounting principles and standards. The remaining system, Work Information Management System, has been scheduled for replacement during FY 1999 by the Automated Civil Engineering System. We appreciate your help in putting together this year's report. (Mr Ira Pearlman, SAF/FMPI, DSN 225-6707)

12. Government Performance and Results Act (GPRA) of 1993 Performance Measures. The Air Force leadership has established three performance goals that support the DoD goals as directed by the GPRA of 1993. We have also established measures that indicate our progress in meeting these goals and quantitative targets for the measures. SAF/FM is the OPR for four performance measures. They are Cost Per Flying Hour (SAF/FMC), Infrastructure (SAF/FMC), Net Operating Results (NOR) in the depot portion of the Working Capital Fund (WCF) (SAF/FMB), and NOR in the supply portion of the WCF (SAF/FMB). A task performance priority, which represents senior leadership's high priorities, has been established for each goal. The task performance priority for FM's performance measures is to maximize the efficiency of operating and maintaining USAF resources. Each of the task performance priorities has one or more performance measures associated with it. The performance measures provide specific data on how well the Air Force is accomplishing the task performance priorities. The Air Force has embraced two important principles in order to improve mission performance. These principles are simple: "perform our assigned mission tasks with excellence and improve that performance in a measurable way." The performance measures created by SAF/FM will provide senior leadership with feedback on progress made in accomplishing these principles. (Lt Col Mike Benjamin, AFCAA/FMX, DSN 664-0456)

13. NAF Financial Analyst (NAFFA) Training. AF Services is discontinuing their three week NAF accounting training course. This has been a primary source of training for our FM NAFFAs. AETC does not provide NAF oversight or accounting training because NAFFAs are considered fully qualified by Civilian Personnel when they are hired. However, our dilemma is that many of our NAFFAs come to us with no NAF experience. To fill this training need, we have developed a three phase training plan:

(1) Disseminate information to FMs and NAFFAs about other training sources. This information is being sent out to MAJCOM FMs and NAFFAs for distribution to their installations and will be available on the FM Home Page. It includes a breakout of recommended courses for new NAFFAs. Training sources include AFAA, USDA Graduate School, OSI, and others.

(2) A two week training session for new NAFFAs with the first class offered this summer. Training would consist of:

a. One week of classroom instruction, with subjects on NAF oversight and NAF accounting.

b. One week of mentoring, with 2-3 new NAFFAs going to a mentor NAFFA base for "hands-on" training.

(3) An annual continuing professional education (CPE) requirement for NAFFAs. This is a proposal that must have several issues resolved before it could be implemented. Issues to be resolved include funding; definition of what would qualify as CPE courses; number of CPE hours to require; and a control mechanism. Stay tuned for further developments.

The nature of our work, and the fact that we are only one deep at most locations, dictate that we provide our NAFFAs with the training necessary to meet the demands of their position. (Mr George Crew, SAF/FMCEB, DSN 225-4730)

14. SAF/FM Home Page. The SAF/FM Home Page ([www.saffm.hq.af.mil/SAFFM](http://www.saffm.hq.af.mil/SAFFM)), is now beginning its third year in existence with Mr Ray Scheuring as its Webmaster. Averaging 5,000 hits a day, the SAF/FM Home Page is a financial tool that definitely should be accessed by all at least once a week if not more. Once you connect with the SAF/FM Home Page simply click on the "What's New?" category to quickly obtain all of the latest files loaded since you last checked. Make sure you remember to refresh your screen to ensure you are seeing the most up-to-date information. Recent additions to the SAF/FM Home Page are the 1998 inflation indices, the FY 1999 President's Budget Investment Call, FY 1998 O&M Budget Execution Report, NAFFA flowcharts, 1998 SAF/FM directory and organization chart, and the January 1998 issue of The Comptroller Magazine. (Mr Ray Scheuring, SAF/FMCE, DSN 225-5076)

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